

Good afternoon, Ladies and Gentlemen. I want to thank the Pleasanton Chamber of Commerce for hosting this event, and each and every one of you for attending today.

Last year at this time, I began the discussion with the global economic crisis. 2008 was a clanging wake-up call to the challenges presented by an uncertain economic landscape, something we hadn't seen in many years. Instead of the wake-up call we had in 2008, 2009 has been a call to action to respond to these dramatic changes. Last year I told you that we were going to "saddle up" and adapt to the economy and that is exactly what we did. This required a realignment of our plans to meet our goals. But, by staying focused, we were able to achieve much in the past year.

We are fortunate to be a city that still has options that many others do not. This past year, the League of California Cities reported that more than 40 cities passed a resolution declaring a state of severe hardship. These include some of our Northern California neighbors such as Palo Alto, Petaluma, Sebastopol, Millbrae, San Anselmo, and South San Francisco, to name just a few. These drastic cuts are across-the-board and in some cases, such as in Tracy and Stockton, may affect public safety with reductions in the police force. Throughout the area, employee layoffs, hiring freezes, project delays, program reductions and many other severe changes have been necessary. State and county services have also been impacted in ways that many of us hadn't even considered.

For example, the gas tax, which the State distributes to counties to fund road maintenance, is on the Governor's list to be retracted and the effect could be devastating. If that proposal passes through the Legislature, California drivers can expect more potholes, unruly vegetation on medians and roadsides, dirtier byways because of no street sweeping, and a slower response to emergencies such as mudslides. Thinking of heading to the snow to take a break from all this bad news? Watch the weather and plan your trip carefully because state budget cuts have limited snow removal on I-80 this winter during non-holiday periods. Caltrans has just under \$2 million to do \$4 million worth of work.

Locally, our residents and businesses are also feeling the pain. Commercial vacancies are at a 20% peak. The real estate market has its hands tied because some buyers can't secure financing. Our community is not immune to the global economic impacts and some of our residents are among the growing legion of Americans whose primary job now----is to look for a job. The job situation will erode further in the spring when the NUMMI plant closes, impacting Pleasanton and regional residents who work at NUMMI, and those working for ancillary businesses that support the plant.

So, how is Pleasanton going to survive this storm? By being resilient and continuing to tweak and adapt our plans as we progress toward our goals.

Someone once said to WRITE YOUR GOALS IN CEMENT AND YOUR PLANS IN THE SAND. The concept applies here. Our goals remain firm and we will adapt our plans as needed to meet them. My fellow City Councilmember's and I are totally committed to maintaining the high quality of life that our residents and businesses expect. We are equally bound to a conservative fiscal policy that helps to insulate Pleasanton from the perils of the global economy.

These are just a few of our primary goals, and all of them have implications for the business community. Excellent schools, a state-of-the art infrastructure, multiple transportation options, clean streets, green parks and street medians, low crime statistics and environmental solutions for waste -- all this adds up to a draw for top employees and long-term cost savings for employers.

Although the recession has had a major impact on the City's General Fund revenues -- which have declined by \$7 million dollars over the past three years -- we have found ways to adapt. For example, like most Americans, we are living within our means. This has been achieved by reducing General Fund costs and operating transfers. The General Fund finances most of our day-to-day services such as public safety, parks, library, and street maintenance. Our budgeted revenues this year are just over \$87 million dollars, short of the \$94 million peak we experienced in 2007-08.

We have reduced the employee roster through reorganizations and attrition. Like other California cities, we are also evaluating our compensation structure in an effort to reduce labor costs. We are all doing more with less....becoming more efficient...and reducing funding on capital projects until the economy improves.

Because these strategies have proven successful, Pleasanton has some bright spots to report. While we have cut back on spending, we have not dipped into our rainy day reserves, and we're working hard to secure revenues in other areas. For example, we aggressively pursued a share of the American Recovery and Reinvestment Act of 2009, otherwise known as ARRA funds. To that end, we will receive approximately \$2.5 million dollars from the federal stimulus package, money that will go towards street maintenance projects, new and existing energy programs, housing recovery efforts, and expanded community block grants.

We still have some work to do in the area of revenues that support our utility operations. We haven't adjusted our water and wastewater utility rates for a decade and they must be brought to the current standard. We will align this effort with programs that encourage water conservation to promote good stewardship of this precious natural resource.

But as we move forward on this path of resiliency, we cannot forget that we must all come together as a community to resolve the crisis facing the Pleasanton Unified School District. Reform for education spending at the State level is paramount to this effort and something that each one of us should support.

Local residents should also educate themselves about the Constitutional Convention to determine if it really is the best path to a solution for California's problems. With the support of the Bay Area Council, the concept is gaining momentum.

Like many of you, I haven't made a decision yet, but I plan to keep learning as much as I can about it before I do. It might be a good thing...and it might not...especially if it imperils the tax revenues used to fund city services or our local schools.

Before I proceed to outline what we have been able to accomplish in these trying times, I would like to acknowledge your City Council, a dedicated panel of individuals who work tirelessly for our community and who, with the community's support, are responsible for many

successes we have achieved. Each one of them brings a unique background and perspective to the table on behalf of the people of Pleasanton, and I am so honored to work beside all of them.

Vice-Mayor Jerry Thorne serves on the National League of Cities Community and Economic Development Policy and Advocacy Steering Committee and represents California on the League's Energy, Environment and Natural Resources Committee. Vice-Mayor Thorne is also Past-President of the East Bay Division of the California League of Cities.

Councilmember Cheryl Cook-Kallio is the voice of civic engagement on the Council. Her background in education and knowledge of civic responsibility serve as excellent models for us all, and particularly to the young people who will take the reigns of government in the future.

Councilmember Cindy McGovern has advocated for children and education in the Pleasanton community for more than 30 years and currently serves on many local and regional government committees. As a former two-term school board member, she has an inherent knowledge of the Pleasanton school district that serves as a tremendous asset to the rest of the Council.

Councilmember Matt Sullivan's deep concern and innovative ideas about environmental stewardship and sustainability have put them on the forefront of our goals. He has been a leader in the development of Pleasanton's energy, environmental, green building, recycling and climate change programs and the establishment of the city's sustainability initiatives.

I would also like to recognize the many commissioners that serve as advisors to your City Council, all of whom devote countless hours to the people of Pleasanton and provide guidance on so many critical issues. And I think it is important to recognize the passing of Mayor Ben Tarver and Councilmember Dee Wilson. Both men contributed so much to our community. They will be missed.

Finally, I also want to thank our City Manager, Nelson Fialho, and our wonderful city staff for their many contributions. Nelson and our staff make us look very, very good.

Continuing on this note of thanks, I would also like to take this opportunity to acknowledge our military men and women who make a tremendous sacrifice to keep our world safe and who make it possible for all of us to pursue our enterprises under the cloak of freedom. Our thoughts and prayers are with our troops every day, and we look forward to their safe return.

Now, I want to share some of our many accomplishments, despite this challenging economic climate. Together we have accomplished a lot in the past year that we can all be proud of. For starters, we are in the home stretch of completing the Firehouse Performing Arts Center in Downtown Pleasanton. When it opens later in 2010, it will serve as a beautiful venue for entertainment and the arts that is compatible with and complementary to our historic downtown. We also made great strides on the approval process for the Staples Ranch development. This signature project will result in a premier senior housing complex, an ice rink that will serve as a regional destination, and retail opportunities that will help to bolster our fiscal sustainability.

We also opened the 13-acre Phase One of the Bernal Community Park, launching a 17-year effort that will result in an impressive recreational resource that is one-half the size of New York City's Central Park. Planning is now underway for Phase Two of what will ultimately be a fabulous amenity for ours and future generations to enjoy.

Alviso Adobe Community Park is now going into its second year of operation. In 2009, more than 60 class groups toured the park to learn about the roots of this valley and its role in the history of our state and nation. We expect more than 100 school groups to visit the park this year.

The economy has nudged us to re-think our services and recreational offerings. In recognition of the current economic times, last summer we launched a free 'Movies in the Park' program at DeLucchi Park, and hundreds of people turned out to enjoy movies under the stars.

And it's no surprise that the Pleasanton Public Library, one of our most popular affordable amenities, broke patronage records in the past year. The library staff works year-round to secure grants that allow us to continue to bring high quality cultural and educational programs to Pleasanton children and adults.

We also launched a new three-cart curbside recycling program to help Pleasanton meet the Alameda County mandate of 75% waste diversion from local landfills by 2012.

This past holiday season brought the new, festive downtown ice rink that was a big hit with Pleasanton families. The average attendance was a few hundred skaters per day, and most of the skating lessons were sold out.

We continue our efforts to make the public process more accessible to our constituents through an increasing use of technology. You can now sign up to get Twitter feeds about our programs and activities. In addition, parents will be happy to learn that they can now get on-line information about field conditions throughout the city.

We also implemented an online program to renew business licenses on January first of this year. Since then, we have processed more than 750 licenses. Business owners who use this service will receive a license within 3 days.

Our significant efforts to improve regional transportation are also starting to pay off. Eastbound Interstate 580 High Occupancy Vehicle lanes and sections of State Route 84 improvements are under construction, and we have made a strong case to our partner agencies that completion of the widening of the southern section of SR 84 is critical to congestion management and relief in the entire corridor.

BART to Livermore remains on our radar, and we reiterate our commitment to that project. We also look forward to having a voice in this vital project, *and are pleased to have been invited to participate in that process*. We were equally pleased to read that Supervisor Haggerty does not support a Chain of Lakes alignment for the proposed BART extension route. As Henry Ford once said "Coming together is a beginning, keeping together is progress, and working together is success." I think we're getting there on the BART to Livermore project.

Through the formation of the new Hacienda Task Force and the upcoming planning process, we will explore the possibilities of transit-oriented development in ways that complement the environment of the Hacienda Business Park. This project has the potential to solve multiple issues facing Pleasanton and meet our goals of becoming a more sustainable city. We look forward to the recommendations of this representative, community-based task force and advisory group effort.

We also dedicated substantial effort and resources into supporting our Pleasanton-based businesses over the past year. Our small and medium-sized businesses are a critical segment of both the local and national economies. Working with our neighboring cities of Dublin, Livermore and San Ramon and the Alameda County Small Business Development Center, we hosted a series of Small Business Workshops that drew a broad audience. Participants learned about business plans, how to access capital, legal and business issues, marketing, and much more.

We also implemented a number of business assistance programs, including Fee Deferral Programs that can facilitate construction during this period of severe credit constraint. Complementing this program is a new Phased Permitting Program designed to allow permits to be obtained and associated fees paid based upon the phases of a project, rather than having total fees paid in advance of construction. The goal of these two programs is to encourage investment in our community.

We can report that new businesses are still coming to Pleasanton, as demonstrated by the activity at the Rosewood Pavilion where a new supermarket is moving into the old Levitz Furniture site, along with the arrival of Carpetland and other positive changes. While we lost some businesses in our downtown, we also gained some new ones as the market adjusted itself.

Our corporate neighbors are also making adjustments to remain profitable. Ross Stores posted impressive gains in 2009 and Safeway -- the nation's largest grocer -- reported a 12% increase in the fourth quarter of 2009.

In terms of public safety, there is also good news. Crime in Pleasanton was down 13 percent compared to last year. Thanks to our vigilant street patrols, injury collisions were also down by 8 percent. The rate of serious Part One crimes solved went up in 2009, to 30 percent.

The Pleasanton Police Department also kicked off a Crime Free Multi-Housing Program, working with the landlords and residents of multi-unit complexes to prevent crime in and around those properties. One of our largest apartment complexes is on the way to becoming fully certified, and 18 others are also in the process of getting certified.

We had the rare opportunity to host a mass H1N1 flu clinic at the Alameda County Fairgrounds. Working with our peers at the City of Dublin, and with much support from the Pleasanton police and the Livermore-Pleasanton fire department, more than 850 County residents were inoculated. A big thank you on behalf of the Council to our Pleasanton Police Department and Livermore-Pleasanton Fire Department for keeping our community safe.

Our commitment to the environment continued in 2009 with a new Energy and Environment Committee that was approved by the Council and began meeting in May. The mission of the

panel is to advise the City on issues related to energy and the environment and to work on strategies focused reducing our carbon footprint. Late last year, a new Construction and Demolition Debris Recycling Ordinance went into effect. Construction and demolition materials account for almost 22 percent of Pleasanton's waste stream. With careful planning, many of these materials can be reused or recycled in a way that is actually more cost efficient than disposal and certainly preferable.

We also implemented some new programs that benefit the health of our citizens, the education of our children, and the protection of our environment. Here are some examples. In partnership with the National League of Cities, we launched a new discount prescription drug program that can be used to purchase prescriptions that are not covered by an insurance or Medicare prescription plan. The discount cards, available at the Library, the Senior Center, and the Parks and Community Services Department, offer an average savings of 20 percent off the retail price of prescription drugs.

Last fall, the Pleasanton Public Library offered a free series on Diabetes Management, presented by the Alameda County Public Health's Diabetes Program. In light of the program's large turn-out, another class will be offered next summer.

Meanwhile, the Pleasanton Senior Center brought us a new Consumer Affairs Clinic offered every other month by the Department of Consumer Affairs. All residents, seniors or not, can take advantage of this program by scheduling an appointment to meet with a counselor to resolve consumer issues.

The City of Pleasanton also collaborated with Zone 7 and the Bay Friendly Gardening Program to host a free Water-Wise Gardening and Water Efficiency Workshop that drew a full-house. As you can see, the work of your city continues, even in these tough times. We are committed to weathering this storm and, in the process, continuing to provide the best services possible to our residents. If there is an up-side to the current economic challenge, it has been to re-focus everyone's attention and foster a new way of thinking for both business and government.

In closing, I want to share with you with a message of hope that I read recently in a *Time* magazine article by Michael Grunwald. The article was entitled "Despite its Woes, California's Dream Still Lives."

The author contends that California is still a dream state. He says the state that gave us microchips, freeways, blue jeans, tax revolts, extreme sports, energy efficiency, health clubs, Google searches, Craigslist, and iPhones is still the cutting edge of the American future. He goes on to say that in 2008, California's "wipeout" economy attracted more venture capital than the rest of the nation combined. Somehow, the state's supposedly "hostile" business climate has nurtured Google, Apple, Hewlett-Packard, Facebook, Twitter, Disney, Cisco, Intel, eBay, YouTube, MySpace, the Gap and countless other companies that drive the way we live.

I absolutely agree with Mr. Grunwald. California is going to be OK and so is Pleasanton. We will emerge from this crisis energized and refocused. And, the cities that are positioned to survive will help California lead the way in business expansion and government reform. With your continued innovative help, Pleasanton is poised to be one of those cities. Thank you.

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